

1923

## Prize competition

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funds borrowed under the mortgage having been determined, it is a simple matter to apply the rate as representing the expense per centum, to funds used in construction, for the periods of time such funds were so employed. The effect will be to capitalize such interest, but correspondingly to relieve the interest expense account and thereby make the interest expense account show as a net result the expense for money borrowed and used for operating or for funding purposes.

The successful treatment of a case such as the foregoing calls for sound technical procedure. A basis of theory, however, is obviously required. A knowledge of theory is but a knowledge of principles. Procedure is a matter of application. The steps indicated in an orderly solution of an accounting problem are the analysis of the

case to determine the facts; lining up the facts according to a classification of principles; treating the facts as indicated by the principles. Sound technical procedure is but the application of sound principles.

There are three outstanding principles which must be recognized in the above case:

First, net income results should show the true expense of borrowed money;

Second, where interest-bearing obligations have a discount feature the periodical proportion of discount must be added to the contractual interest;

Third, where funds obtained through the medium of such obligations are used for construction purposes, interest corresponding to such use should be capitalized and the expense of borrowed money relieved accordingly.

## Prize Competition

THE firm offers three prizes of \$100, \$50, and \$25, respectively, for the three best essays to be submitted on the subject of "How May We Improve the Quality of Our Service to Clients?"

The competition will be open to all members of the organization, in grades not higher than that of supervising accountant and will close December 31, 1923. Envelopes bearing postmarks prior to midnight on such date will be accepted.

Essays submitted in competition must be limited to fifteen hundred words, type-written on sheets 8½ x 11, securely fastened together on the left-hand side, and preferably protected by a suitably inscribed cover.

The essays will be judged by a committee which will take into consideration arrangement of content with a view to facilitating easy reading, clearness of expres-

sion, and practicability of the suggestions offered.

Essays should be unsigned but marked with a *nom de plume* and accompanied by a sealed envelope bearing the same *nom de plume*; the envelope to contain a card giving the name, address, and practice office of the author.

We hope everyone in the organization who is eligible will enter the competition and give free expression to his thoughts on the subject.

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## Miss Burns Departs

AFTER nearly six strenuous years as general librarian, Miss Burns has laid aside the cares of business and gone with an intimate friend to pass the winter in southern France.